



PROPOSED AMENDMENT

HB 1001 # 21

DIGEST

PROPOSED COMMITTEE AMENDMENT TO HB 1001. Makes changes in appropriations and fund transfers. Provides exceptions to prior prescription approval. Continues the quality assurance fee program. Changes provisions related to use of state institutions. Makes changes related to scholarships. Subject to state budget committee review, makes tuition and mandatory fee targets set by the commission for higher education binding on state educational institutions. Permits the establishment of a mandatory student fee schedule for priority dual enrollment courses. Eliminates a provision transferring money from the PDIF to the state general fund. Freezes certain salaries. Repeals obsolete provisions. Exempts meals served at a legislative meeting from gross retail tax. Requires recovery over three years of overpayments to counties of local income taxes.

- 1 Page 8, delete line 40, begin a new line and insert:
- 2 **"Personal Services 56,979,814 56,979,814".**
- 3 Page 8, delete line 43, begin a new line and insert:
- 4 **"Personal Services 24,468,828 24,468,828".**
- 5 Page 13, delete line 37, begin a new line and insert:
- 6 **"Total Operating Expense 2,000,000".**
- 7 Page 13, delete line 47, begin a new line and insert:
- 8 **"Total Operating Expense 0 15,000,000".**
- 9 Page 19, delete line 13, begin a new line and insert:
- 10 **"Total Operating Expense 1,000,000 1,000,000".**
- 11 Page 19, delete line 32, begin a new line and insert:
- 12 **"Other Operating Expense 12,724,840 14,024,840".**
- 13 Page 20, line 48, delete "\$30" and insert "\$35".
- 14 Page 21, between lines 15 and 16, begin a new line and insert:
- 15 **"POSTSECONDARY CORRECTIONAL EDUCATION**
- 16 **Other Operating Expense 3,915,000 3,915,000**
- 17 **The above appropriations for postsecondary correctional**
- 18 **education shall be used by the department of correction to offer**
- 19 **associate's degrees, workforce certificates, or other vocational**
- 20 **programs to incarcerated persons."**
- 21 Page 33, between lines 10 and 11, begin a new line and insert:

1 **"LINCOLN PRODUCTION**

2 **Total Operating Expense 220,000 220,000".**

3 Page 36, between lines 6 and 7, begin a new line and insert:

4 **"Augmentation allowed."**

5 Page 49, between lines 26 and 27, begin a new line and insert:

6 **"Indiana Twenty-First Century Research and Technology**
7 **Fund (IC 5-28-16-2)".**

8 Page 51, delete line 15, begin a new line and insert:

9 **"Total Operating Expense 35,031,051 36,628,678".**

10 Page 54, delete line 33, begin a new line and insert:

11 **"Formal Contracts Expense 530,000,000 50,000,000".**

12 Page 56, delete line 18, begin a new line and insert:

13 **"Total Operating Expense 1,747,200,000 1,892,900,000".**

14 Page 61, delete line 4, begin a new line and insert:

15 **"Total Operating Expense 44,053,605 48,765,643".**

16 Page 61, line 7, after "waiver." insert **"The intragovernmental**
17 **transfers for use in the Medicaid aged and disabled waiver may not**
18 **exceed in the state fiscal year beginning July 1, 2011, and ending**
19 **June 30, 2012, twenty-five million eight hundred thousand dollars**
20 **(\$25,800,000) and in the state fiscal year beginning July 1, 2012,**
21 **and ending June 30, 2013, twenty-five million eight hundred**
22 **thousand dollars (\$25,800,000)".**

23 Page 61, line 16, delete "year; and" and insert **"year, including a**
24 **separate count of individuals who received no services other than**
25 **case management services (as defined in 460 IAC 1.2-4-10) during**
26 **the preceding fiscal year;"**.

27 Page 61, line 18, delete "year." and insert **"year, including a**
28 **separate calculation of the average annual per recipient cost of**
29 **individuals who received no services other than case management**
30 **services (as defined in 460 IAC 1.2-4-10) during the preceding**
31 **fiscal year;**

32 **(3) a comparative analysis of the average annual per recipient cost**
33 **to the state during the preceding fiscal year of providing home and**
34 **community based services to individuals receiving services through**
35 **the C.H.O.I.C.E. program and to individuals receiving services**
36 **through the Medicaid aged and disabled waiver program;**

37 **(4) an estimate of the number of recipients of home and community**
38 **based services who would have been placed in long term care**
39 **facilities during the preceding fiscal year had they not received**
40 **home and community based services; and**

(5) an estimate of the total cost savings during the preceding fiscal year realized by the state due to recipients of home and community based services (including Medicaid) being diverted from long term care facilities."

Page 62, delete line 11, begin a new line and insert:

"accessABILITY CENTER FOR INDEPENDENT LIVING".

Page 65, between lines 5 and 6, begin a new line and insert:

"Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)".

Page 68, delete line 12, begin a new line and insert:

"Total Operating Expense 8,051,037 8,051,037".

Page 68, line 14, delete "75%" and insert "85%".

Page 69, delete line 21, begin a new line and insert:

"Total Operating Expense 179,823,196 179,823,196".

Page 69, delete line 26, begin a new line and insert:

"Total Operating Expense 8,330,921 8,330,921".

Page 69, delete line 30, begin a new line and insert:

"Total Operating Expense 11,354,682 11,354,682".

Page 69, delete line 34, begin a new line and insert:

"Total Operating Expense 16,275,368 16,275,368".

Page 69, delete line 38, begin a new line and insert:

"Total Operating Expense 21,756,890 21,756,890".

Page 69, delete line 42, begin a new line and insert:

"Total Operating Expense 18,976,859 18,976,859".

Page 69, delete line 46, begin a new line and insert:

"89,819,501 90,030,680".

Page 70, delete lines 2 through 3, begin a new line and insert:

"Total Operating Expense 100,291,194 100,291,194

Fee Replacement 2,919,493 3,405,551".

Page 70, delete lines 34 through 35, begin a new line and insert:

"Total Operating Expense 84,389,612 84,389,612

Fee Replacement 12,609,727 14,709,082".

Page 70, delete line 38, begin a new line and insert:

"212,357,689 214,943,102"

Page 71, between lines 2 and 3, begin a new line and insert:

"MEDICAL EDUCATION CENTER EXPANSION

Total Operating Expense 2,000,000 2,000,000

The above appropriations for medical education center expansion are intended to help increase medical school class size on a statewide basis. The funds shall be used to help increase enrollment

and to provide clinical instruction. The funds shall be distributed to the nine (9) existing medical education centers in proportion to the increase in enrollment for each center."

Page 71, delete lines 22 through 23, begin a new line and insert:

"Total Operating Expense	234,479,193	234,479,193
Fee Replacement	25,150,230	25,971,198".

Page 71, delete line 27, begin a new line and insert:

"Total Operating Expense	26,844,940	26,844,940".
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Page 71, delete line 31, begin a new line and insert:

"Total Operating Expense	13,073,588	13,073,588".
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Page 71, delete line 34, begin a new line and insert:

"41,408,586	41,408,300".
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Page 71, delete line 38, begin a new line and insert:

"Total Operating Expense	38,563,050	38,563,050".
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Page 72, delete line 12, begin a new line and insert:

"Total Operating Expense	6,692,010	6,692,010".
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Page 72, delete line 15, begin a new line and insert:

"Total Operating Expense	6,696,039	6,696,039".
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Page 72, delete line 21, begin a new line and insert:

"Total Operating Expense	1,747,361	1,747,361".
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Page 72, delete line 24, begin a new line and insert:

"Total Operating Expense	67,650,483	67,650,483".
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Page 72, delete lines 31 through 32, begin a new line and insert:

"Total Operating Expense	40,109,493	40,109,493
Fee Replacement	10,998,767	11,567,417".

Page 72, delete lines 38 through 39, begin a new line and insert:

"Total Operating Expense	118,723,016	118,723,016
Fee Replacement	14,418,557	14,731,545".

Page 72, delete line 42, begin a new line and insert:

"Total Operating Expense	1,666,000	1,666,000".
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Page 72, delete line 45, begin a new line and insert:

"Total Operating Expense	3,953,298	3,953,298".
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Page 72, delete line 48, begin a new line and insert:

"Total Operating Expense	36,492,378	36,492,378".
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Page 73, delete lines 3 through 4, begin a new line and insert:

"Total Operating Expense	186,417,941	186,417,941
Fee Replacement	29,817,924	30,877,963".

Page 75, delete lines 20 through 26, begin a new line and insert:

"SOUTHERN INDIANA EDUCATIONAL ALLIANCE
Build Indiana Fund (IC 4-30-17)

- 1 **Total Operating Expense 1,090,452 1,090,452".**
- 2 Page 75, delete line 47, begin a new line and insert:
- 3 **"Total Operating Expense 50,350,913 50,350,913".**
- 4 Page 75, delete line 49, begin a new line and insert:
- 5 **"Total Operating Expense 147,666,658 147,666,658".**
- 6 Page 76, delete line 39, begin a new line and insert:
- 7 **"Total Operating Expense 7,851,835 7,851,835".**
- 8 Page 78, between lines 13 and 14, begin a new line and insert:
- 9 **"PUBLIC TELEVISION DISTRIBUTION**
- 10 **Total Operating Expense 1,610,000 1,610,000**
- 11 **The above appropriations are for grants for public television. The**
- 12 **Indiana Public Broadcasting Stations, Inc., shall submit a**
- 13 **distribution plan for the eight Indiana public education television**
- 14 **stations that shall be approved by the budget agency after review**
- 15 **by the budget committee. Of the above appropriations, \$184,000**
- 16 **each year shall be distributed equally among all of the public radio**
- 17 **stations.".**
- 18 Page 79, delete line 27, begin a new line and insert:
- 19 **"Total Operating Expense 6,247,700,000 6,247,700,000".**
- 20 Page 83, delete line 20, begin a new line and insert:
- 21 **"Other Operating Expense 2,500,000 2,500,000".**
- 22 Page 83, line 24, after "Indiana." insert **"In addition, the above**
- 23 **appropriation includes \$50,000 each state fiscal year for the Center**
- 24 **for Evaluation and Education Policy.".**
- 25 Page 96, delete lines 27 through 44.
- 26 Page 98, line 11, after "than" insert **"July 31, 2012, and".**
- 27 Page 98, line 11, delete "a" and insert **"each".**
- 28 Page 98, line 11, delete "year," and insert **"year that begins after**
- 29 **June 30, 2012,".**
- 30 Page 98, line 17, delete "year," and insert **"year beginning after**
- 31 **June 30, 2012,".**
- 32 Page 98, line 36, beginning with "(A)" begin a new line double
- 33 block indented.
- 34 Page 98, line 37, beginning with "(B)" begin a new line double
- 35 block indented.
- 36 Page 99, delete lines 6 through 47, begin a new paragraph and
- 37 insert:
- 38 **"SECTION 38. IC 4-35-7-12, AS AMENDED BY P.L.142-2009,**
- 39 **SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE**
- 40 **JULY 1, 2011]: Sec. 12. (a) The Indiana horse racing commission shall**

1 enforce the requirements of this section.

2 (b) ~~Except as provided in subsections (j) and (k),~~ A licensee shall
 3 ~~before the fifteenth day of each month devote to the gaming integrity~~
 4 ~~fund, horse racing purses, and to horsemen's associations an amount~~
 5 ~~equal to distribute~~ fifteen percent (15%) of the adjusted gross receipts
 6 of the slot machine wagering ~~from the previous month~~ at the licensee's
 7 racetrack **in conformity with this section.** The Indiana horse racing
 8 commission may not use any of ~~this the~~ money **it receives under this**
 9 **section** for any administrative purpose or other purpose of the Indiana
 10 horse racing commission, and the entire amount of the money shall be
 11 distributed as provided in this section. A licensee shall pay the first two
 12 hundred fifty thousand dollars (\$250,000) distributed under this section
 13 in a state fiscal year to the Indiana horse racing commission for deposit
 14 in the gaming integrity fund established by IC 4-35-8.7-3. After this
 15 money has been distributed to the Indiana horse racing commission, a
 16 licensee shall distribute the remaining money ~~devoted to horse racing~~
 17 ~~purses and to horsemen's associations under this subsection~~ as follows:

18 (1) Five-tenths percent (0.5%) shall be transferred to horsemen's
 19 associations for equine promotion or welfare according to the
 20 ratios specified in subsection (e).

21 (2) Two and five-tenths percent (2.5%) shall be transferred to
 22 horsemen's associations for backside benevolence according to
 23 the ratios specified in subsection (e).

24 (3) ~~Ninety-seven~~ **Thirty-nine and five-tenths** percent ~~(97%)~~
 25 **(39.5%)** shall be distributed to promote horses and horse racing
 26 as provided in subsection (d). **However, the total amount of**
 27 **money that may be distributed under this subdivision in a**
 28 **particular state fiscal year to promote horses and horse racing**
 29 **may not exceed twenty-seven million dollars (\$27,000,000).**
 30 **Any amounts otherwise distributable under this subdivision**
 31 **that exceed twenty-seven million dollars (\$27,000,000) shall be**
 32 **remitted to the department for deposit in the state general**
 33 **fund.**

34 (4) ~~Fifty-seven and five-tenths~~ percent **(57.5%)** shall be
 35 remitted to the department for deposit as follows:

36 (A) Fifteen million two hundred fifty thousand dollars
 37 (\$15,250,000) available for distribution under this
 38 subdivision in a state fiscal year shall be distributed to the
 39 twenty-first century research and technology fund
 40 established by IC 5-28-16-2 for the purposes of the fund.

Deposits in the twenty-first century research and technology fund under this clause shall be made during the state fiscal year on the schedule determined by the budget agency.

(B) The amount not needed to make the deposits required under clause (A) shall be deposited in the state general fund.

The amount to be distributed from wagers made in a month under subdivisions (1) and (2) and (to the extent the distributions are to promote horses and horse racing) under subdivision (3) shall be distributed before the fifteenth day of the immediately following month. A licensee shall make the distributions to the state general fund and the twenty-first century research and technology fund before the close of the business day following the day the wagers are made. The department may require that daily distributions be remitted by electronic funds transfer (as defined in IC 4-8.1-2-7(f)). If the department requires the money to be remitted through electronic funds transfer, the department may allow the licensee to file a monthly report to reconcile the amounts remitted to the department.

(c) A horsemen's association shall expend the amounts distributed to the horsemen's association under subsection (b)(1) through (b)(2) for a purpose promoting the equine industry or equine welfare or for a benevolent purpose that the horsemen's association determines is in the best interests of horse racing in Indiana for the breed represented by the horsemen's association. Expenditures under this subsection are subject to the regulatory requirements of subsection (f).

(d) A licensee shall distribute the amounts described in subsection (b)(3) as follows:

(1) Forty-six percent (46%) for thoroughbred purposes as follows:

(A) Sixty percent (60%) for the following purposes:

(i) Ninety-seven percent (97%) for thoroughbred purses.

(ii) Two and four-tenths percent (2.4%) to the horsemen's association representing thoroughbred owners and trainers.

(iii) Six-tenths percent (0.6%) to the horsemen's association representing thoroughbred owners and breeders.

(B) Forty percent (40%) to the breed development fund established for thoroughbreds under IC 4-31-11-10.

(2) Forty-six percent (46%) for standardbred purposes as follows:

(A) Fifty percent (50%) for the following purposes:

- 1 (i) Ninety-six and five-tenths percent (96.5%) for
- 2 standardbred purses.
- 3 (ii) Three and five-tenths percent (3.5%) to the horsemen's
- 4 association representing standardbred owners and trainers.
- 5 (B) Fifty percent (50%) to the breed development fund
- 6 established for standardbreds under IC 4-31-11-10.
- 7 (3) Eight percent (8%) for quarter horse purposes as follows:
- 8 (A) Seventy percent (70%) for the following purposes:
- 9 (i) Ninety-five percent (95%) for quarter horse purses.
- 10 (ii) Five percent (5%) to the horsemen's association
- 11 representing quarter horse owners and trainers.
- 12 (B) Thirty percent (30%) to the breed development fund
- 13 established for quarter horses under IC 4-31-11-10.
- 14 Expenditures under this subsection are subject to the regulatory
- 15 requirements of subsection (f).
- 16 (e) Money distributed under subsection (b)(1) and (b)(2) shall be
- 17 allocated as follows:
- 18 (1) Forty-six percent (46%) to the horsemen's association
- 19 representing thoroughbred owners and trainers.
- 20 (2) Forty-six percent (46%) to the horsemen's association
- 21 representing standardbred owners and trainers.
- 22 (3) Eight percent (8%) to the horsemen's association representing
- 23 quarter horse owners and trainers.
- 24 (f) Money distributed under ~~this section~~ **subsection (b)(1) or (b)(2)**
- 25 **and, to the extent the distributions are to promote horses and horse**
- 26 **racing, subsection (b)(3)** may not be expended unless the expenditure
- 27 is for a purpose authorized in this section and is either for a purpose
- 28 promoting the equine industry or equine welfare or is for a benevolent
- 29 purpose that is in the best interests of horse racing in Indiana or the
- 30 necessary expenditures for the operations of the horsemen's association
- 31 required to implement and fulfill the purposes of this section. The
- 32 Indiana horse racing commission may review any expenditure of
- 33 money distributed under this section to ensure that the requirements of
- 34 this section are satisfied. The Indiana horse racing commission shall
- 35 adopt rules concerning the review and oversight of money distributed
- 36 under this section and shall adopt rules concerning the enforcement of
- 37 this section. The following apply to a horsemen's association receiving
- 38 a distribution of money under this section:
- 39 (1) The horsemen's association must annually file a report with
- 40 the Indiana horse racing commission concerning the use of the

1 money by the horsemen's association. The report must include
2 information as required by the commission.

3 (2) The horsemen's association must register with the Indiana
4 horse racing commission.

5 (g) The commission shall provide the Indiana horse racing
6 commission with the information necessary to enforce this section.

7 (h) The Indiana horse racing commission shall investigate any
8 complaint that a licensee has failed to comply with the horse racing
9 purse requirements set forth in this section. If, after notice and a
10 hearing, the Indiana horse racing commission finds that a licensee has
11 failed to comply with the purse requirements set forth in this section,
12 the Indiana horse racing commission may:

13 (1) issue a warning to the licensee;

14 (2) impose a civil penalty that may not exceed one million dollars
15 (\$1,000,000); or

16 (3) suspend a meeting permit issued under IC 4-31-5 to conduct
17 a pari-mutuel wagering horse racing meeting in Indiana.

18 (i) A civil penalty collected under this section must be deposited in
19 the state general fund.

20 ~~(j) For a state fiscal year beginning after June 30, 2008, and ending~~
21 ~~before July 1, 2009, the amount of money dedicated to the purposes~~
22 ~~described in subsection (b) for a particular state fiscal year is equal to~~
23 ~~the lesser of:~~

24 ~~(1) fifteen percent (15%) of the licensee's adjusted gross receipts~~
25 ~~for the state fiscal year; or~~

26 ~~(2) eighty-five million dollars (\$85,000,000).~~

27 ~~If fifteen percent (15%) of a licensee's adjusted gross receipts for the~~
28 ~~state fiscal year exceeds the amount specified in subdivision (2), the~~
29 ~~licensee shall transfer the amount of the excess to the commission for~~
30 ~~deposit in the state general fund. The licensee shall adjust the transfers~~
31 ~~required under this section in the final month of the state fiscal year to~~
32 ~~comply with the requirements of this subsection.~~

33 ~~(k) For a state fiscal year beginning after June 30, 2009, the amount~~
34 ~~of money dedicated to the purposes described in subsection (b) for a~~
35 ~~particular state fiscal year is equal to the lesser of:~~

36 ~~(1) fifteen percent (15%) of the licensee's adjusted gross receipts~~
37 ~~for the state fiscal year; or~~

38 ~~(2) the amount dedicated to the purposes described in subsection~~
39 ~~(b) in the previous state fiscal year increased by a percentage that~~
40 ~~does not exceed the percent of increase in the United States~~

Department of Labor Consumer Price Index during the year preceding the year in which an increase is established.

If fifteen percent (15%) of a licensee's adjusted gross receipts for the state fiscal year exceeds the amount specified in subdivision (2); the licensee shall transfer the amount of the excess to the commission for deposit in the state general fund. The licensee shall adjust the transfers required under this section in the final month of the state fiscal year to comply with the requirements of this subsection.

(j) Notwithstanding subsections (a) through (d), an amount collected from the adjusted gross receipts from slot machine wagers made in June 2011 at a licensee's racetrack shall be distributed on the schedule and in the manner specified in this section as it was effective on June 30, 2011.

SECTION 39. IC 4-35-8-1, AS ADDED BY P.L.233-2007, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) A graduated slot machine wagering tax is imposed as follows on the ~~adjusted gross taxable~~ receipts received from wagering on gambling games authorized by this article:

(1) Twenty-five percent (25%) of the first one hundred million dollars (\$100,000,000) of ~~adjusted gross taxable~~ receipts received during the period beginning July 1 of each year and ending June 30 of the following year.

(2) Thirty percent (30%) of the ~~adjusted gross taxable~~ receipts in excess of one hundred million dollars (\$100,000,000) but not exceeding two hundred million dollars (\$200,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(3) Thirty-five percent (35%) of the ~~adjusted gross taxable~~ receipts in excess of two hundred million dollars (\$200,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(b) A licensee shall remit the tax imposed by this section to the department before the close of the business day following the day the wagers are made. **With respect to slot machine wagers made before June 30, 2011, the amount of a licensee's taxable receipts is equal to the licensee's adjusted gross receipts. With respect to slot machine wagers made after June 30, 2011, the amount of a licensee's taxable receipts for a particular day is equal to the result determined under STEP THREE of the following formula:**

STEP ONE: Determine the amount of adjusted gross receipts

received by the licensee during that day.

STEP TWO: Determine the sum of:

(A) the licensee's deduction amount determined for that day under subsection (f); and

(B) the licensees supplemental deduction amount determined for that day under subsection (g).

STEP THREE: Determine the result of the STEP ONE amount minus the STEP TWO amount.

(c) The department may require payment under this section to be made by electronic funds transfer (as defined in IC 4-8.1-2-7(f)).

(d) If the department requires taxes to be remitted under this chapter through electronic funds transfer, the department may allow the licensee to file a monthly report to reconcile the amounts remitted to the department.

(e) The payment of the tax under this section must be on a form prescribed by the department.

(f) This section applies to slot machine wagers made under this article after June 30, 2011. A licensee's deduction amount for a particular day is equal to fifty-seven and five-tenths percent (57.5%) of the amount that the licensee distributed under IC 4-35-7-12 from wagers made for that day.

(g) This section applies to slot machine wagers made under this article after June 30, 2011. A licensee's supplemental deduction amount for the period beginning July 1 of each year and ending June 30 of the following year is equal to the amount that the licensee distributed under IC 4-35-7-12(b)(3) to the state general fund, as determined by the budget agency, from wagers made for the period beginning July 1 of each year and ending June 30 of the following year. A licensee's supplemental deduction amount for a particular day is equal to the amount that the licensee distributed under IC 4-35-7-12(b)(3) to the state general fund, as determined by the budget agency, from wagers made for that day."

Delete page 100.

Page 101, delete lines 1 through 15.

Page 101, line 20, after "IC 4-35-7-12." insert **"Fifteen percent (15%) of the money deposited in the fund shall be transferred to the Indiana state board of animal health to be used by the state board to pay the costs associated with equine health and equine care programs under IC 15-17."**

Page 104, between lines 13 and 14, begin a new paragraph and

1 insert:

2 "SECTION 45. IC 6-2.5-10-1, AS AMENDED BY P.L.146-2008,
3 SECTION 317, IS AMENDED TO READ AS FOLLOWS
4 [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) The department shall account
5 for all state gross retail and use taxes that it collects.

6 (b) The department shall deposit those collections in the following
7 manner:

8 (1) Ninety-nine and ~~one hundred seventy-eight~~ **two hundred**
9 **ninety-seven** thousandths percent (~~99.178%~~) **(99.297%)** of the
10 collections shall be paid into the state general fund.

11 (2) ~~Sixty-seven hundredths of one~~ **Five hundred fifty-one**
12 **thousandths** percent (~~0.67%~~) **(0.551%)** of the collections shall
13 be paid into the public mass transportation fund established by
14 IC 8-23-3-8.

15 (3) Twenty-nine thousandths of one percent (0.029%) of the
16 collections shall be deposited into the industrial rail service fund
17 established under IC 8-3-1.7-2.

18 (4) One hundred twenty-three thousandths of one percent
19 (0.123%) of the collections shall be deposited into the commuter
20 rail service fund established under IC 8-3-1.5-20.5".

21 Page 104, line 15, after "(a)" insert "**This section applies to taxable**
22 **years that end in a state fiscal year beginning after June 30, 2012.**

23 **(b)".**

24 Page 104, line 18, delete "(b)" and insert "**(c)**".

25 Page 104, line 23, delete "(c)" and insert "**(d)**".

26 Page 104, line 25, delete "(d)" and insert "**(e)**".

27 Page 104, line 28, delete "(e)" and insert "**(f)**".

28 Page 104, delete line 40.

29 Page 104, line 41, delete "(B)" and insert "**(A)**".

30 Page 104, line 41, delete "sixty and twenty-four hundredths" and
31 insert "**sixty-two and seven-tenths**".

32 Page 104, line 42, delete "(60.24%)." and insert "**(62.7%).**".

33 Page 104, line 43, delete "(C)" and insert "**(B)**".

34 Page 104, line 43, delete "fifty-four and five-tenths" and insert
35 "**fifty-six and ninety-six hundredths**".

36 Page 104, line 43, delete "(54.5%)." and insert "**(56.96%).**".

37 Page 104, strike line 48.

38 Page 105, strike lines 1 through 2.

39 Page 105, line 3, strike "(7)" and insert "**(6)**".

40 Page 106, between lines 1 and 2, begin a new paragraph and insert:

"SECTION 48. IC 11-10-5-6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 6. The department may provide financial assistance for tuition, books, and supplies for an offender who:**

(1) is:

(A) convicted of a felony;

(B) sentenced to a term of imprisonment for that felony;
and

(C) confined for that felony by the department; and

(2) enrolls in a degree program at an eligible institution (as defined in IC 21-12-1-8(2)) of higher education."

Page 106, delete lines 40 through 47.

Delete pages 107 through 108, begin a new paragraph and insert:

"SECTION 50. IC 12-15-35-28, AS AMENDED BY P.L.101-2005, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 28. (a)** The board has the following duties:

(1) The adoption of rules to carry out this chapter, in accordance with the provisions of IC 4-22-2 and subject to any office approval that is required by the federal Omnibus Budget Reconciliation Act of 1990 under Public Law 101-508 and its implementing regulations.

(2) The implementation of a Medicaid retrospective and prospective DUR program as outlined in this chapter, including the approval of software programs to be used by the pharmacist for prospective DUR and recommendations concerning the provisions of the contractual agreement between the state and any other entity that will be processing and reviewing Medicaid drug claims and profiles for the DUR program under this chapter.

(3) The development and application of the predetermined criteria and standards for appropriate prescribing to be used in retrospective and prospective DUR to ensure that such criteria and standards for appropriate prescribing are based on the compendia and developed with professional input with provisions for timely revisions and assessments as necessary.

(4) The development, selection, application, and assessment of interventions for physicians, pharmacists, and patients that are educational and not punitive in nature.

(5) The publication of an annual report that must be subject to public comment before issuance to the federal Department of Health and Human Services and to the Indiana legislative council

by December 1 of each year. The report issued to the legislative council must be in an electronic format under IC 5-14-6.

(6) The development of a working agreement for the board to clarify the areas of responsibility with related boards or agencies, including the following:

(A) The Indiana board of pharmacy.

(B) The medical licensing board of Indiana.

(C) The SURS staff.

(7) The establishment of a grievance and appeals process for physicians or pharmacists under this chapter.

(8) The publication and dissemination of educational information to physicians and pharmacists regarding the board and the DUR program, including information on the following:

(A) Identifying and reducing the frequency of patterns of fraud, abuse, gross overuse, or inappropriate or medically unnecessary care among physicians, pharmacists, and recipients.

(B) Potential or actual severe or adverse reactions to drugs.

(C) Therapeutic appropriateness.

(D) Overutilization or underutilization.

(E) Appropriate use of generic drugs.

(F) Therapeutic duplication.

(G) Drug-disease contraindications.

(H) Drug-drug interactions.

(I) Incorrect drug dosage and duration of drug treatment.

(J) Drug allergy interactions.

(K) Clinical abuse and misuse.

(9) The adoption and implementation of procedures designed to ensure the confidentiality of any information collected, stored, retrieved, assessed, or analyzed by the board, staff to the board, or contractors to the DUR program that identifies individual physicians, pharmacists, or recipients.

(10) The implementation of additional drug utilization review with respect to drugs dispensed to residents of nursing facilities shall not be required if the nursing facility is in compliance with the drug regimen procedures under 410 IAC 16.2-3.1 and 42 CFR 483.60.

(11) The research, development, and approval of a preferred drug list for:

(A) Medicaid's fee for service program;

- 1 (B) Medicaid's primary care case management program;
- 2 (C) Medicaid's risk based managed care program, if the office
- 3 provides a prescription drug benefit and subject to IC 12-15-5;
- 4 and
- 5 (D) the children's health insurance program under IC 12-17.6;
- 6 in consultation with the therapeutics committee.
- 7 (12) The approval of the review and maintenance of the preferred
- 8 drug list at least two (2) times per year.
- 9 (13) The preparation and submission of a report concerning the
- 10 preferred drug list at least two (2) times per year to the select joint
- 11 commission on Medicaid oversight established by IC 2-5-26-3.
- 12 (14) The collection of data reflecting prescribing patterns related
- 13 to treatment of children diagnosed with attention deficit disorder
- 14 or attention deficit hyperactivity disorder.
- 15 (15) Advising the Indiana comprehensive health insurance
- 16 association established by IC 27-8-10-2.1 concerning
- 17 implementation of chronic disease management and
- 18 pharmaceutical management programs under IC 27-8-10-3.5.
- 19 (b) The board shall use the clinical expertise of the therapeutics
- 20 committee in developing a preferred drug list. The board shall also
- 21 consider expert testimony in the development of a preferred drug list.
- 22 (c) In researching and developing a preferred drug list under
- 23 subsection (a)(11), the board shall do the following:
- 24 (1) Use literature abstracting technology.
- 25 (2) Use commonly accepted guidance principles of disease
- 26 management.
- 27 (3) Develop therapeutic classifications for the preferred drug list.
- 28 (4) Give primary consideration to the clinical efficacy or
- 29 appropriateness of a particular drug in treating a specific medical
- 30 condition.
- 31 (5) Include in any cost effectiveness considerations the cost
- 32 implications of other components of the state's Medicaid program
- 33 and other state funded programs.
- 34 ~~(d) Prior authorization is required for coverage under a program~~
- 35 ~~described in subsection (a)(11) of a drug that is not included on the~~
- 36 ~~preferred drug list.~~
- 37 ~~(e)~~ (d) The board shall determine whether to include a single source
- 38 covered outpatient drug that is newly approved by the federal Food and
- 39 Drug Administration on the preferred drug list not later than sixty (60)
- 40 days after the date on which the manufacturer notifies the board in

1 writing of the drug's approval. However, if the board determines that
 2 there is inadequate information about the drug available to the board
 3 to make a determination, the board may have an additional sixty (60)
 4 days to make a determination from the date that the board receives
 5 adequate information to perform the board's review. Prior authorization
 6 may not be automatically required for a single source drug that is newly
 7 approved by the federal Food and Drug Administration, and that is:

8 (1) in a therapeutic classification:

9 (A) that has not been reviewed by the board; and

10 (B) for which prior authorization is not required; or

11 (2) the sole drug in a new therapeutic classification that has not
 12 been reviewed by the board.

13 ~~(f)~~ (e) The board may not exclude a drug from the preferred drug list
 14 based solely on price.

15 ~~(g)~~ (f) The following requirements apply to a preferred drug list
 16 developed under subsection (a)(11):

17 (1) ~~Except as provided by~~ **In accordance with**
 18 **IC 12-15-35.5-3(b), and IC 12-15-35.5-3(c);** the office or the
 19 board may require prior authorization for a drug that is included
 20 on the preferred drug list under the following circumstances:

21 (A) To override a prospective drug utilization review alert.

22 (B) To permit reimbursement for a medically necessary brand
 23 name drug that is subject to generic substitution under
 24 IC 16-42-22-10.

25 (C) To prevent fraud, abuse, waste, overutilization, or
 26 inappropriate utilization.

27 (D) To permit implementation of a disease management
 28 program.

29 (E) To implement other initiatives permitted by state or federal
 30 law.

31 **(F) A psychiatrist licensed under IC 25-22.5 may not be**
 32 **required to receive prior authorization to prescribe a drug**
 33 **included on the preferred drug list.**

34 **(G) A provider may not be required to obtain prior**
 35 **authorization for a mental health prescription that is for a**
 36 **Medicaid recipient who:**

37 **(i) was enrolled in the Medicaid program before July 1,**
 38 **2011, and who has continuously been enrolled in the**
 39 **Medicaid program; and**

40 **(ii) has been prescribed and taking the mental health**

1 **drug since before July 1, 2011.**

2 (2) All drugs described in IC 12-15-35.5-3(b) ~~must be included on~~
3 ~~the preferred drug list. may be considered:~~

4 **(A) preferred or nonpreferred; or**

5 **(B) not subject to the preferred drug list (PDL) process.**

6 (3) The office may add a drug that has been approved by the
7 federal Food and Drug Administration to the preferred drug list
8 without prior approval from the board.

9 (4) The board may add a drug that has been approved by the
10 federal Food and Drug Administration to the preferred drug list.

11 ~~(h)~~ (g) At least two (2) times each year, the board shall provide a
12 report to the select joint commission on Medicaid oversight established
13 by IC 2-5-26-3. The report must contain the following information:

14 (1) The cost of administering the preferred drug list.

15 (2) Any increase in Medicaid physician, laboratory, or hospital
16 costs or in other state funded programs as a result of the preferred
17 drug list.

18 (3) The impact of the preferred drug list on the ability of a
19 Medicaid recipient to obtain prescription drugs.

20 (4) The number of times prior authorization was requested, and
21 the number of times prior authorization was:

22 (A) approved; and

23 (B) disapproved.

24 ~~(i)~~ (h) The board shall provide the first report required under
25 subsection ~~(h)~~ (g) not later than six (6) months after the board submits
26 an initial preferred drug list to the office."

27 Page 109, delete lines 1 through 27.

28 Page 109, delete lines 43 through 47.

29 Delete pages 110 through 111.

30 Page 112, delete lines 1 through 21.

31 Page 112, delete lines 46 through 47.

32 Page 113, delete lines 1 through 33.

33 Page 114, delete lines 3 through 37, begin a new paragraph and
34 insert:

35 "SECTION 56. IC 12-24-1-3, AS AMENDED BY P.L.141-2006,
36 SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
37 JULY 1, 2011]: Sec. 3. (a) The director of the division of mental health
38 and addiction has administrative control of and responsibility for the
39 following state institutions:

40 (1) Evansville State Hospital.

(2) Evansville State Psychiatric Treatment Center for Children.

(3) Larue D. Carter Memorial Hospital.

(4) Logansport State Hospital.

(5) Madison State Hospital.

(6) Richmond State Hospital.

(7) Any other state owned or operated mental health institution.

(b) Subject to the approval of the director of the budget agency and the governor, the director of the division of mental health and addiction may contract for the management and clinical operation of Larue D. Carter Memorial Hospital.

~~(c) The following applies only to the institutions described in subsection (a)(1) and (a)(2):~~

~~(1) Notwithstanding any other statute or policy, the division of mental health and addiction may not do the following after December 31, 2001, unless specifically authorized by a statute enacted by the general assembly:~~

~~(A) Terminate, in whole or in part, normal patient care or other operations at the facility.~~

~~(B) Reduce the staffing levels and classifications below those in effect at the facility on January 1, 2002.~~

~~(C) Terminate the employment of an employee of the facility except in accordance with IC 4-15-2.~~

~~(2) The division of mental health and addiction shall fill a vacancy created by a termination described in subdivision (1)(C) so that the staffing levels at the facility are not reduced below the staffing levels in effect on January 1, 2002.~~

~~(3) Notwithstanding any other statute or policy, the division of mental health and addiction may not remove, transfer, or discharge any patient at the facility unless the removal, transfer, or discharge is in the patient's best interest and is approved by:~~

~~(A) the patient or the patient's parent or guardian;~~

~~(B) the individual's gatekeeper; and~~

~~(C) the patient's attending physician.~~

(c) The division of mental health and addiction shall maintain normal patient care, including maintaining the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) standards for clinical care, at the facilities described in subsection (a)(1) and (a)(2) unless a reduction or the termination of normal patient care is specifically authorized by a statute enacted by the general assembly or is specifically recommended by the council established

1 **by section 3.5 of this chapter.**

2 (d) The Evansville State Psychiatric Treatment Center for Children
3 shall remain independent of Evansville State Hospital and the
4 southwestern Indiana community mental health center, and the
5 Evansville State Psychiatric Treatment Center for Children shall
6 continue to function autonomously unless a change in administration
7 is specifically:

8 (1) authorized by an enactment of the general assembly; or

9 (2) **recommended by the council established by section 3.5 of**
10 **this chapter before January 1, 2014.**

11 SECTION 57. IC 12-24-1-3.5 IS ADDED TO THE INDIANA
12 CODE AS A NEW SECTION TO READ AS FOLLOWS
13 [EFFECTIVE JULY 1, 2011]: **Sec. 3.5. (a) The council on Evansville**
14 **state hospitals is established.**

15 **(b) The council consists of the following members:**

16 (1) **One (1) superior court judge having exclusive juvenile**
17 **jurisdiction in Vanderburgh County, who shall act as**
18 **chairperson of the council.**

19 (2) **The director of the division of mental health and addiction**
20 **or the director's designee.**

21 (3) **Two (2) members of the senate, appointed by the president**
22 **pro tempore of the senate. The members appointed under this**
23 **subdivision:**

24 (A) **may not be members of the same political party; and**

25 (B) **must represent Evansville or a surrounding area.**

26 (4) **Two (2) members of the house of representatives,**
27 **appointed by the speaker of the house of representatives. The**
28 **members appointed under this subdivision:**

29 (A) **may not be members of the same political party; and**

30 (B) **must represent Evansville or a surrounding area.**

31 (5) **Two (2) mental health providers that provide mental**
32 **health services in the Evansville area.**

33 (6) **One (1) member who:**

34 (A) **resides in the Evansville area; and**

35 (B) **provides services in the community, including:**

36 (i) **law enforcement services; or**

37 (ii) **children's services.**

38 (7) **The superintendent of the Evansville State Psychiatric**
39 **Treatment Center for Children, or the superintendent's**
40 **designee.**

1 **(8) The superintendent of the Evansville State Hospital, or the**
 2 **superintendent's designee.**

3 **(9) One (1) representative of a statewide mental health**
 4 **association.**

5 **(10) One (1) parent of a child who has received services at the**
 6 **Evansville State Psychiatric Treatment Center for Children**
 7 **and who is not associated with the Evansville State**
 8 **Psychiatric Treatment Center for Children or the Evansville**
 9 **State Hospital except as a consumer.**

10 **(c) The president pro tempore of the senate shall appoint the**
 11 **members under subsection (b)(1) and (b)(9) and one (1) member**
 12 **under subsection (b)(5). The speaker of the house of**
 13 **representatives shall appoint the members under subsection (b)(6)**
 14 **and (b)(10) and one (1) member under subsection (b)(5).**

15 **(d) The council has the following duties:**

16 **(1) Review the following:**

17 **(A) The mental health and addiction services available to**
 18 **children in the Evansville area.**

19 **(B) The quality of the care provided to patients in the**
 20 **facilities described in section 3(a)(1) and 3(a)(2) of this**
 21 **chapter.**

22 **(C) The utilization of the facilities described in section**
 23 **3(a)(1) and 3(a)(2) of this chapter and the cause for any**
 24 **underutilization.**

25 **(2) Determine the viability and need for the facilities**
 26 **described in section 3(a)(1) and 3(a)(2) of this chapter.**

27 **(3) Provide recommendations to:**

28 **(A) the office of the secretary; and**

29 **(B) the general assembly, in electronic format under**
 30 **IC 5-14-6;**

31 **concerning the council's findings under this subsection,**
 32 **including whether the council is making a recommendation**
 33 **under section 3 of this chapter.**

34 **(e) The division of mental health and addiction shall staff the**
 35 **council.**

36 **(f) The expenses of the council shall be paid by the division of**
 37 **mental health and addiction.**

38 **(g) A member of the council is not entitled to a salary per diem**
 39 **or traveling expenses.**

40 **(h) The members described in subsection (b)(7) and (b)(8) shall**

1 serve as nonvoting members. The affirmative votes of a majority
 2 of the voting members of the council are required for the council
 3 to take action on any recommendation.

4 (i) This section expires December 31, 2013.

5 SECTION 58. IC 16-28-15 IS ADDED TO THE INDIANA CODE
 6 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 7 AUGUST 1, 2011]:

8 **Chapter 15. Health Facility Quality Assessment Fee**

9 **Sec. 1. The imposition of a quality assessment fee under this**
 10 **chapter occurs after July 31, 2011.**

11 **Sec. 2. As used in this chapter, "continuing care retirement**
 12 **community" means a health care facility that:**

- 13 (1) provides independent living services and health facility
- 14 services in a campus setting with common areas;
- 15 (2) holds continuing care agreements with at least twenty-five
- 16 percent (25%) of its residents (as defined in IC 23-2-4-1);
- 17 (3) uses the money from the agreements described in
- 18 subdivision (2) to provide services to the resident before the
- 19 resident may be eligible for Medicaid under IC 12-15; and
- 20 (4) meets the requirements of IC 23-2-4.

21 **Sec. 3. As used in this chapter, "health facility" refers to a**
 22 **health facility that is licensed under this article as a comprehensive**
 23 **care facility.**

24 **Sec. 4. As used in this chapter, "nursing facility" means a health**
 25 **facility that is certified for participation in the federal Medicaid**
 26 **program under Title XIX of the federal Social Security Act (42**
 27 **U.S.C. 1396 et seq.).**

28 **Sec. 5. As used in this chapter, "office" refers to the office of**
 29 **Medicaid policy and planning established by IC 12-8-6-1.**

30 **Sec. 6. (a) After July 31, 2011, the office shall collect a quality**
 31 **assessment fee from each health facility under this chapter.**

32 **(b) The quality assessment fee must apply to all non-Medicare**
 33 **patient days of the health facility. The office shall determine the**
 34 **quality assessment rate per non-Medicare patient day in a manner**
 35 **that collects the maximum amount permitted by federal law as of**
 36 **July 1, 2011, based on the latest nursing facility financial reports**
 37 **and nursing facility quality assessment data collection forms as of**
 38 **July 28, 2010.**

39 **(c) The office shall offset the collection of the assessment fee for**
 40 **a health facility:**

- (1) against a Medicaid payment to the health facility;
- (2) against a Medicaid payment to another health facility that is related to the health facility through common ownership or control; or
- (3) in another manner determined by the office.

Sec. 7. The office shall implement the waiver approved by the United States Centers for Medicare and Medicaid Services under 42 CFR 433.68(e)(2) that provides for the following:

- (1) Nonuniform quality assessment fee rates.
- (2) An exemption from collection of a quality assessment fee from the following:

(A) A continuing care retirement community as follows:

(i) A continuing care retirement community that was registered with the securities commissioner as a continuing care retirement community on January 1, 2007, is not required to meet the definition of a continuing care retirement community in section 2 of this chapter.

(ii) A continuing care retirement community that, for the period January 1, 2007, through June 30, 2009, operated independent living units, at least twenty-five percent (25%) of which are provided under contracts that require the payment of a minimum entrance fee of at least twenty-five thousand dollars (\$25,000).

(iii) An organization registered under IC 23-2-4 before July 1, 2009, that provides housing in an independent living unit for a religious order.

(iv) A continuing care retirement community that meets the definition set forth in section 2 of this chapter.

(B) A hospital based health facility.

(C) The Indiana Veterans' Home.

Any revision to the state plan amendment or waiver request under this section is subject to and must comply with this chapter.

Sec. 8. (a) The money collected from the quality assessment fee may be used only as follows:

- (1) Seventy percent (70%) to pay the state's share of costs for Medicaid nursing facility services provided under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.).
- (2) Thirty percent (30%) to pay the state's share of costs for other Medicaid services provided under Title XIX of the

1 federal Social Security Act (42 U.S.C. 1396 et seq.).

2 (b) Any increase in reimbursement for Medicaid nursing facility
3 services resulting from maximizing the quality assessment under
4 section 6(b) of this chapter shall be directed exclusively to
5 initiatives determined by the office to promote and enhance
6 improvements in quality of care to nursing facility residents.

7 (c) The office may establish a method to allow a health facility
8 to enter into an agreement to pay the quality assessment fee
9 collected under this chapter under an installment plan.

10 Sec. 9. If federal financial participation becomes unavailable to
11 match money collected from the quality assessment fees for the
12 purpose of enhancing reimbursement to nursing facilities for
13 Medicaid services provided under Title XIX of the federal Social
14 Security Act (42 U.S.C. 1396 et seq.), the office shall cease
15 collection of the quality assessment fee under this chapter.

16 Sec. 10. The office shall adopt rules under IC 4-22-2 necessary
17 to implement this chapter.

18 Sec. 11. (a) If a health facility fails to pay the quality assessment
19 fee under this chapter not later than ten (10) days after the date the
20 payment is due, the health facility shall pay interest on the quality
21 assessment fee at the same rate as determined under
22 IC 12-15-21-3(6)(A).

23 (b) The office shall report to the state department each nursing
24 facility and each health facility that fails to pay the quality
25 assessment fee under this chapter not later than one hundred
26 twenty (120) days after payment of the quality assessment fee is
27 due.

28 Sec. 12. (a) The state department shall do the following:

29 (1) Notify each nursing facility and each health facility
30 reported under section 11 of this chapter that the nursing
31 facility's license or health facility's license under IC 16-28 will
32 be revoked if the quality assessment fee is not paid.

33 (2) Revoke the nursing facility's license or health facility's
34 license under IC 16-28 if the nursing facility or the health
35 facility fails to pay the quality assessment fee.

36 (b) An action taken under subsection (a)(2) is governed by:

37 (1) IC 4-21.5-3-8; or

38 (2) IC 4-21.5-4.

39 Sec. 13. The select joint commission on Medicaid oversight
40 established by IC 2-5-26-3 shall review the implementation of this

1 **chapter.**

2 **Sec. 14. This chapter expires June 30, 2014."**

3 Page 115, delete lines 39 through 47, begin a new paragraph and
4 insert:

5 "SECTION 60. IC 20-24-7-6.5 IS ADDED TO THE INDIANA
6 CODE AS A NEW SECTION TO READ AS FOLLOWS
7 [EFFECTIVE JULY 1, 2011]: **Sec. 6.5. (a) Subject to subsection (b)**
8 **and with the approval of a majority of the members of the**
9 **governing body, a school corporation may distribute any part of**
10 **the following to a conversion school sponsored by the school**
11 **corporation in the amount and under the terms and conditions**
12 **adopted by a majority of the members of the governing body:**

13 (1) State tuition support and other state distributions to the
14 school corporation.

15 (2) Any other amount deposited in the school corporation's
16 general fund.

17 (b) The total amount that may be transferred under subsection
18 (a) in a calendar year to a particular conversion charter school
19 may not exceed the result determined under STEP FOUR of the
20 following formula:

21 **STEP ONE: Determine the result of:**

22 (A) the amount of state tuition support that the school
23 corporation is eligible to receive in the calendar year;
24 divided by

25 (B) the current ADM of the school corporation for the
26 calendar year.

27 **STEP TWO: Determine the result of:**

28 (A) the amount of state tuition support that the conversion
29 charter school is eligible to receive in the calendar year;
30 divided by

31 (B) the current ADM of the conversion charter school for
32 the calendar year.

33 **STEP THREE: Determine the greater of zero (0) or result of:**

34 (A) the STEP ONE amount; minus

35 (B) the STEP TWO amount.

36 **STEP FOUR: Determine the result of:**

37 (A) the STEP THREE amount; multiplied by

38 (B) the current ADM of the conversion charter school for
39 the calendar year.

40 SECTION 61. IC 20-26-11-13, AS AMENDED BY P.L.146-2008,

SECTION 471, IS AMENDED TO READ AS FOLLOWS
 [EFFECTIVE JANUARY 1, 2012]: Sec. 13. (a) As used in this section,
 the following terms have the following meanings:

(1) "Class of school" refers to a classification of each school or program in the transferee corporation by the grades or special programs taught at the school. Generally, these classifications are denominated as kindergarten, elementary school, middle school or junior high school, high school, and special schools or classes, such as schools or classes for special education, career and technical education, or career education.

(2) "Special equipment" means equipment that during a school year:

(A) is used only when a child with disabilities is attending school;

(B) is not used to transport a child to or from a place where the child is attending school;

(C) is necessary for the education of each child with disabilities that uses the equipment, as determined under the individualized education program for the child; and

(D) is not used for or by any child who is not a child with disabilities.

(3) "Student enrollment" means the following:

(A) The total number of students in kindergarten through grade 12 who are enrolled in a transferee school corporation on a date determined by the state board.

(B) The total number of students enrolled in a class of school in a transferee school corporation on a date determined by the state board.

However, a kindergarten student shall be counted under clauses (A) and (B) as one-half (1/2) student. The state board may select a different date for counts under this subdivision. However, the same date shall be used for all school corporations making a count for the same class of school.

(b) Each transferee corporation is entitled to receive for each school year on account of each transferred student, except a student transferred under section 6 of this chapter, transfer tuition from the transferor corporation or the state as provided in this chapter. Transfer tuition equals the amount determined under STEP THREE of the following formula:

STEP ONE: Allocate to each transfer student the capital

expenditures for any special equipment used by the transfer student and a proportionate share of the operating costs incurred by the transferee school for the class of school where the transfer student is enrolled.

STEP TWO: If the transferee school included the transfer student in the transferee school's ADM for a school year, allocate to the transfer student a proportionate share of the following general fund revenues of the transferee school for, except as provided in clause (C), the calendar year in which the school year ends:

(A) State tuition support distributions.

(B) Property tax levies under IC 20-45-7 and IC 20-45-8.

(C) **The sum of the following** excise tax revenue ~~(as defined in IC 20-43-1-12)~~ received for deposit in the calendar year in which the school year begins:

(i) financial institution excise tax revenue (IC 6-5.5);

(ii) motor vehicle excise taxes (IC 6-6-5);

(iii) commercial vehicle excise taxes (IC 6-6-5.5);

(iv) boat excise tax (IC 6-6-11); and

(v) aircraft license excise tax (IC 6-6-6.5).

(D) Allocations to the transferee school under IC 6-3.5.

STEP THREE: Determine the greater of:

(A) zero (0); or

(B) the result of subtracting the STEP TWO amount from the STEP ONE amount.

If a child is placed in an institution or facility in Indiana by or with the approval of the department of child services, the institution or facility shall charge the department of child services for the use of the space within the institution or facility (commonly called capital costs) that is used to provide educational services to the child based upon a prorated per student cost.

(c) Operating costs shall be determined for each class of school where a transfer student is enrolled. The operating cost for each class of school is based on the total expenditures of the transferee corporation for the class of school from its general fund expenditures as specified in the classified budget forms prescribed by the state board of accounts. This calculation excludes:

(1) capital outlay;

(2) debt service;

(3) costs of transportation;

(4) salaries of board members;

1 (5) contracted service for legal expenses; and
 2 (6) any expenditure that is made from extracurricular account
 3 receipts;
 4 for the school year.

5 (d) The capital cost of special equipment for a school year is equal
 6 to:

7 (1) the cost of the special equipment; divided by

8 (2) the product of:

9 (A) the useful life of the special equipment, as determined
 10 under the rules adopted by the state board; multiplied by

11 (B) the number of students using the special equipment during
 12 at least part of the school year.

13 (e) When an item of expense or cost described in subsection (c)
 14 cannot be allocated to a class of school, it shall be prorated to all
 15 classes of schools on the basis of the student enrollment of each class
 16 in the transferee corporation compared with the total student
 17 enrollment in the school corporation.

18 (f) Operating costs shall be allocated to a transfer student for each
 19 school year by dividing:

20 (1) the transferee school corporation's operating costs for the class
 21 of school in which the transfer student is enrolled; by

22 (2) the student enrollment of the class of school in which the
 23 transfer student is enrolled.

24 When a transferred student is enrolled in a transferee corporation for
 25 less than the full school year of student attendance, the transfer tuition
 26 shall be calculated by the part of the school year for which the
 27 transferred student is enrolled. A school year of student attendance
 28 consists of the number of days school is in session for student
 29 attendance. A student, regardless of the student's attendance, is enrolled
 30 in a transferee school unless the student is no longer entitled to be
 31 transferred because of a change of residence, the student has been
 32 excluded or expelled from school for the balance of the school year or
 33 for an indefinite period, or the student has been confirmed to have
 34 withdrawn from school. The transferor and the transferee corporation
 35 may enter into written agreements concerning the amount of transfer
 36 tuition due in any school year. If an agreement cannot be reached, the
 37 amount shall be determined by the state board, and costs may be
 38 established, when in dispute, by the state board of accounts.

39 (g) A transferee school shall allocate revenues described in
 40 subsection (b) STEP TWO to a transfer student by dividing:

- 1 (1) the total amount of revenues received; by
- 2 (2) the ADM of the transferee school for the school year that ends
- 3 in the calendar year in which the revenues are received.

4 However, for state tuition support distributions or any other state
 5 distribution computed using less than the total ADM of the transferee
 6 school, the transferee school shall allocate the revenues to the transfer
 7 student by dividing the revenues that the transferee school is eligible
 8 to receive in a calendar year by the student count used to compute the
 9 state distribution.

10 (h) Instead of the payments provided in subsection (b), the
 11 transferor corporation or state owing transfer tuition may enter into a
 12 long term contract with the transferee corporation governing the
 13 transfer of students. The contract may:

- 14 (1) be entered into for a period of not more than five (5) years
- 15 with an option to renew;
- 16 (2) specify a maximum number of students to be transferred; and
- 17 (3) fix a method for determining the amount of transfer tuition
- 18 and the time of payment, which may be different from that
- 19 provided in section 14 of this chapter.

20 (i) A school corporation may negotiate transfer tuition agreements
 21 with a neighboring school corporation that can accommodate additional
 22 students. Agreements under this section may:

- 23 (1) be for one (1) year or longer; and
- 24 (2) fix a method for determining the amount of transfer tuition or
- 25 time of payment that is different from the method, amount, or
- 26 time of payment that is provided in this section or section 14 of
- 27 this chapter.

28 A school corporation may not transfer a student under this section
 29 without the prior approval of the child's parent.

30 SECTION 62. IC 20-40-8-1, AS AMENDED BY P.L.146-2008,
 31 SECTION 477, IS AMENDED TO READ AS FOLLOWS
 32 [EFFECTIVE JANUARY 1, 2012]: Sec. 1. As used in this chapter,
 33 "calendar year distribution" means the sum of the following:

- 34 (1) A school corporation's:
 - 35 (A) state tuition support; and
 - 36 (B) maximum permissible tuition support levy (as defined in
 - 37 IC 20-45-1-15 before its repeal);
 - 38 for the calendar year.
- 39 (2) The ~~school corporation's~~ **sum of the following** excise tax
 40 revenue ~~(as defined in IC 20-43-1-12)~~ **of the school corporation**

for the immediately preceding calendar year:

(A) **financial institution excise tax revenue (IC 6-5.5);**

(B) **motor vehicle excise taxes (IC 6-6-5);**

(C) **commercial vehicle excise taxes (IC 6-6-5.5);**

(D) **boat excise tax (IC 6-6-11); and**

(E) **aircraft license excise tax (IC 6-6-6.5).**

SECTION 63. IC 20-43-1-1, AS AMENDED BY P.L.182-2009(ss),
SECTION 323, IS AMENDED TO READ AS FOLLOWS
[EFFECTIVE JULY 1, 2011]: Sec. 1. This article expires January 1,
~~2012.~~ **2014.**

SECTION 64. IC 20-43-1-25, AS AMENDED BY
P.L.182-2009(ss), SECTION 325, IS AMENDED TO READ AS
FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 25. "State tuition
support" means the amount of state funds to be distributed to:

(1) a school corporation other than a virtual charter school in any
calendar year under this article for all grants, distributions, and
awards described in IC 20-43-2-3; and

(2) a virtual charter school in any calendar year under
~~IC 20-24-7-13.~~ **IC 20-43-6-3.**

SECTION 65. IC 20-43-2-2, AS AMENDED BY P.L.182-2009(ss),
SECTION 329, IS AMENDED TO READ AS FOLLOWS
[EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)]: Sec. 2. The
maximum state distribution for a calendar year for all school
corporations for the purposes described in section 3 of this chapter is:

~~(1) five billion eight hundred twenty-nine million nine hundred
thousand dollars (\$5,829,900,000) in 2009;~~

~~(2) six billion five hundred forty-eight million nine hundred
thousand dollars (\$6,548,900,000) in 2010; and~~

~~(3) (1) six billion five two hundred sixty-eight forty-seven
million five seven hundred thousand dollars (\$6,568,500,000)
(\$6,247,700,000) in 2011;~~

**(2) six billion two hundred forty-seven million seven hundred
thousand dollars (\$6,247,700,000) in 2012; and**

**(3) six billion two hundred forty-seven million seven hundred
thousand dollars (\$6,247,700,000) in 2013.**

SECTION 66. IC 20-43-2-3, AS AMENDED BY P.L.182-2009(ss),
SECTION 330, IS AMENDED TO READ AS FOLLOWS
[EFFECTIVE JANUARY 1, 2012]: Sec. 3. If the total amount to be
distributed:

(1) as basic tuition support;

- (2) for academic honors diploma awards;
- (3) for primetime distributions;
- (4) for special education grants; **and**
- (5) for career and technical education grants;
- ~~(6) for restoration grants; and~~
- ~~(7) for small school grants;~~

for a particular year exceeds the maximum state distribution for a calendar year, the amount to be distributed for state tuition support under this article to each school corporation during each of the last six (6) months of the year shall be proportionately reduced so that the total reductions equal the amount of the excess.

SECTION 67. IC 20-43-3-4, AS AMENDED BY P.L.182-2009(ss), SECTION 331, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 4. (a) ~~This subsection applies to calendar year 2009. A school corporation's previous year revenue equals the amount determined under STEP TWO of the following formula:~~

~~STEP ONE: Determine the sum of the following:~~

- ~~(A) The school corporation's basic tuition support for the year that precedes the current year;~~
- ~~(B) The school corporation's maximum permissible tuition support levy for calendar year 2008;~~
- ~~(C) The school corporation's excise tax revenue for calendar year 2007;~~

~~STEP TWO: Subtract from the STEP ONE result an amount equal to the reduction in the school corporation's state tuition support under any combination of subsection (c), subsection (d), IC 20-10.1-2-1 (before its repeal), or IC 20-30-2-4.~~

~~(b) This subsection applies to calendar years 2010 and 2011. A school corporation's previous year revenue equals the amount determined under STEP TWO of the following formula:~~

~~STEP ONE: Determine the sum of the following:~~

- ~~(A) The school corporation's basic tuition support **actually received** for the year that precedes the current year.~~
- ~~(B) For calendar year 2010, the amount of education stabilization funds received by the school corporation in calendar year 2009 under Section 14002(a) of the federal American Recovery and Reinvestment Act of 2009 (ARRA);~~
- ~~(C) The amount of the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar~~

year by three (3) years to the year preceding the ensuing calendar year by two (2) years:

(B) For 2012, the restoration grant (IC 20-43-12 (repealed)) actually received for 2011.

(C) For 2012, the small school grant (IC 20-43-12.2 (repealed)) actually received for 2011.

STEP TWO: Subtract from the STEP ONE result an amount equal to the reduction in the school corporation's state tuition support under any combination of subsection ~~(c)~~ (b) or IC 20-30-2-4.

~~(c)~~ (b) A school corporation's previous year revenue must be reduced if:

(1) the school corporation's state tuition support for special education or career and technical education is reduced as a result of a complaint being filed with the department after December 31, 1988, because the school program overstated the number of children enrolled in special education programs or career and technical education programs; and

(2) the school corporation's previous year revenue has not been reduced under this subsection more than one (1) time because of a given overstatement.

The amount of the reduction equals the amount the school corporation would have received in state tuition support for special education and career and technical education because of the overstatement.

~~(d) This section applies only to 2009: A school corporation's previous year revenue must be reduced if an existing elementary or secondary school located in the school corporation converts to a charter school under IC 20-24-11. The amount of the reduction equals the product of:~~

~~(1) the sum of the amounts distributed to the conversion charter school under IC 20-24-7-3(c) and IC 20-24-7-3(d) (as effective December 31, 2008); multiplied by~~

~~(2) two (2).~~

SECTION 68. IC 20-43-4-7, AS AMENDED BY P.L.182-2009(ss), SECTION 332, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 7. ~~(a) This subsection does not apply to a charter school.~~ When calculating adjusted ADM for ~~2010~~ **2012** distributions, this subsection, as effective after December 31, ~~2009~~, **2011**, shall be used to calculate the adjusted ADM for the previous year rather than the calculation used to calculate adjusted ADM for ~~2009~~ **2011** distributions. For purposes of this article, a school

corporation's "adjusted ADM" for the current year is the result determined under the following formula:

STEP ONE: Determine the sum of the following:

(A) The school corporation's ADM for the year preceding the current year by two (2) years divided by three (3);

(B) The school corporation's ADM for the year preceding the current year by one (1) year divided by three (3);

(C) The school corporation's ADM for the current year divided by three (3);

STEP TWO: Determine the school corporation's ADM for the current year:

STEP THREE: Determine the greater of the following:

(A) The STEP ONE result;

(B) The STEP TWO result;

(b) A charter school's adjusted ADM for purposes of this article is the charter school's current ADM: **school corporation's current ADM.**

SECTION 69. IC 20-43-5-3, AS AMENDED BY P.L.182-2009(ss), SECTION 333, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 3. A school corporation's complexity index is determined under the following formula:

STEP ONE: Determine the greater of zero (0) or the result of the following:

(1) Determine the percentage of the school corporation's students who were eligible for free or reduced price lunches in the school year ending in the later of:

(A) ~~2007~~ for purposes of determining the complexity index ~~in 2009; and 2009~~ **2011** for the purposes of determining the complexity index in ~~2010~~ **2012** and ~~2011; 2013;~~ or

(B) the first year of operation of the school corporation.

(2) Determine the quotient of:

(A) ~~in 2009;~~

(i) ~~two thousand four hundred dollars (\$2,400);~~ divided by

(ii) ~~four thousand eight hundred twenty-five dollars (\$4,825);~~

(B) ~~in 2010;~~

(i) ~~two thousand two hundred sixty-three dollars (\$2,263);~~ divided by

(ii) ~~four thousand five hundred fifty dollars (\$4,550);~~ and

(C) ~~in 2011;~~

- 1 (i) two thousand two hundred forty-one dollars (\$2,241);
- 2 divided by
- 3 (ii) four thousand five hundred five dollars (\$4,505);
- 4 (A) in 2012:
- 5 (i) two thousand one hundred thirteen dollars (\$2,113);
- 6 divided by
- 7 (ii) four thousand two hundred forty-seven dollars
- 8 (\$4,247); and
- 9 (B) in 2013:
- 10 (i) two thousand one hundred twenty-two dollars
- 11 (\$2,122); divided by
- 12 (ii) four thousand two hundred sixty-six dollars (\$4,266).
- 13 (3) Determine the product of:
- 14 (A) the subdivision (1) amount; multiplied by
- 15 (B) the subdivision (2) amount.
- 16 STEP TWO: Determine the result of one (1) plus the STEP ONE
- 17 result.
- 18 STEP THREE: This STEP applies if the STEP TWO result in
- 19 2012 is equal to or greater than at least one and ~~twenty-five~~
- 20 **twenty-eight** hundredths ~~(1.25)~~ **(1.28)** and applies if the STEP
- 21 **TWO result in 2013 is at least one and thirty-one hundredths**
- 22 **(1.31)**. Determine the result of the following:
- 23 (1) **In 2012**, subtract one and ~~twenty-five~~ **twenty-eight**
- 24 **hundredths (1.25) (1.28) and in 2013, subtract one and**
- 25 **thirty-one hundredths (1.31)** from the STEP TWO result.
- 26 (2) Determine the result of:
- 27 (A) the STEP TWO result; plus
- 28 (B) the subdivision (1) result.
- 29 The data to be used in making the calculations under STEP ONE must
- 30 be the data collected in the annual pupil enrollment count by the
- 31 department.
- 32 SECTION 70. IC 20-43-5-4, AS AMENDED BY P.L.182-2009(ss),
- 33 SECTION 334, IS AMENDED TO READ AS FOLLOWS
- 34 [EFFECTIVE JANUARY 1, 2012]: Sec. 4. A school corporation's
- 35 foundation amount for a calendar year is the result determined under
- 36 STEP TWO of the following formula:
- 37 STEP ONE: The STEP ONE amount is:
- 38 (A) in 2009, four thousand eight hundred twenty-five dollars
- 39 ~~(\$4,825);~~
- 40 (B) in 2010, four thousand five hundred fifty dollars (\$4,550);

and

~~(C) in 2011, four thousand five hundred five dollars (\$4,505);~~

(A) in 2012, four thousand two hundred forty-seven dollars

(\$4,247); and

(B) in 2013, four thousand two hundred sixty-six dollars

(\$4,266).

STEP TWO: Multiply the STEP ONE amount by the school corporation's complexity index.

SECTION 71. IC 20-43-5-6, AS AMENDED BY P.L.182-2009(ss),
SECTION 336, IS AMENDED TO READ AS FOLLOWS
[EFFECTIVE JANUARY 1, 2012]: Sec. 6. (a) A school corporation's
transition to foundation amount for a calendar year is equal to the result
determined under STEP ~~THREE~~ **TWO** of the following formula:

STEP ONE: Determine the difference of:

(A) the school corporation's foundation amount; minus

(B) the **lesser of:**

(i) the school corporation's previous year revenue
foundation amount; **or**

(ii) the **result of the school corporation's foundation
amount multiplied by one and two-tenths (1.2).**

~~STEP TWO: Divide the STEP ONE result by:~~

~~(A) three (3) in 2009;~~

~~(B) two (2) in 2010; and~~

~~(C) one (1) in 2011.~~

STEP THREE: TWO: A school corporation's STEP ~~THREE~~
TWO amount is the following:

(A) For a charter school located outside Marion County that
has previous year revenue that is not greater than zero (0), the
charter school's STEP ~~THREE~~ **TWO** amount is the quotient
of:

(i) the school corporation's transition to foundation revenue
for the calendar year where the charter school is located;
divided by

(ii) the school corporation's current ADM.

(B) For a charter school located in Marion County that has
previous year revenue that is not greater than zero (0), the
charter school's STEP ~~THREE~~ amount is the weighted average
of the transition to foundation revenue for the school
corporations where the students counted in the current ADM
of the charter school have legal settlement, as determined

1 under item (iv) of the following formula:

2 (i) Determine the transition to foundation revenue for each
3 school corporation where a student counted in the current
4 ADM of the charter school has legal settlement.

5 (ii) For each school corporation identified in item (i), divide
6 the item (i) amount by the school corporation's current
7 ADM.

8 (iii) For each school corporation identified in item (i),
9 multiply the item (ii) amount by the number of students
10 counted in the current ADM of the charter school that have
11 legal settlement in the particular school corporation.

12 (iv) Determine the sum of the item (iii) amounts for the
13 charter school.

14 (C) The STEP ~~THREE~~ **TWO** amount for a school corporation
15 that is not a charter school described in clause (A) or (B) is the
16 following:

17 (i) The school corporation's foundation amount for the
18 calendar year if the STEP ONE amount is ~~at least negative~~
19 ~~one hundred fifty dollars (-\$150)~~ and ~~not more than fifty~~
20 ~~dollars (\$50)~~:

21 (ii) ~~The sum of the school corporation's previous year~~
22 ~~revenue foundation amount and the greater of the school~~
23 ~~corporation's STEP TWO amount or fifty dollars (\$50); if~~
24 ~~the school corporation's STEP ONE amount is greater than~~
25 ~~fifty dollars (\$50); zero (0) or greater.~~

26 ~~(iii)~~ (ii) The amount determined under subsection (b), if the
27 school corporation's STEP ONE amount is less than
28 ~~negative: one hundred fifty dollars (-\$150); zero (0).~~

29 (b) For the purposes of STEP ~~THREE~~ ~~(C)~~(iii) **TWO** (C)(ii) in
30 subsection (a), determine the result of:

31 (1) the ~~result determined for the school corporation's previous~~
32 ~~year revenue foundation amount; corporation under STEP ONE~~
33 **(B) of subsection (a);** minus

34 (2) ~~the greater of:~~

35 ~~(A) one hundred fifty dollars (\$150); or~~

36 ~~(B) the result of:~~

37 ~~(i)~~ (A) the absolute value of the STEP ONE amount; divided
38 by

39 ~~(ii) nine (9) in 2010; and eight (8) in 2011; (B) nine (9) in~~
40 **2012 and eight (8) in 2013.**

SECTION 72. IC 20-43-5-7, AS AMENDED BY P.L.182-2009(ss),
SECTION 337, IS AMENDED TO READ AS FOLLOWS
[EFFECTIVE JANUARY 1, 2012]: Sec. 7. A school corporation's
transition to foundation revenue for a calendar year is equal to the
product of:

- (1) the school corporation's transition to foundation amount for
the calendar year; multiplied by
- (2) the school corporation's
 - (A) current ADM. if the current ADM for the school
corporation is less than one hundred (100); and
 - (B) current adjusted ADM; if clause (A) does not apply.

SECTION 73. IC 20-43-6-3, AS AMENDED BY P.L.182-2009(ss),
SECTION 339, IS AMENDED TO READ AS FOLLOWS
[EFFECTIVE JANUARY 1, 2012]: Sec. 3. (a) A school corporation's
basic tuition support for a year is the amount determined under the
applicable provision of this section.

(b) This subsection applies to a school corporation that has
transition to foundation revenue per adjusted ADM for a year that is
not equal to the foundation amount for the year. The school
corporation's basic tuition support for a year is equal to the school
corporation's transition to foundation revenue for the year.

(c) This subsection applies to a school corporation that has
transition to foundation revenue per adjusted ADM for a year that is
equal to the foundation amount for the year. The school corporation's
basic tuition support for a year is the sum of the following:

- (1) The foundation amount for the year multiplied by the school
corporation's adjusted ADM;
- (2) The amount of the annual decrease in federal aid to impacted
areas from the year preceding the ensuing calendar year by three
(3) years to the year preceding the ensuing calendar year by two
(2) years.

(d) (c) This subsection applies to students of a virtual charter school.
who are participating in the pilot program under IC 20-24-7-13. A
virtual charter school's basic tuition support for a year for those
students is the amount determined under IC 20-24-7-13.

SECTION 74. IC 20-43-7-0.5 IS ADDED TO THE INDIANA
CODE AS A NEW SECTION TO READ AS FOLLOWS
[EFFECTIVE JANUARY 1, 2012]: **Sec. 0.5. This chapter does not
apply to a virtual charter school.**

SECTION 75. IC 20-43-8-0.5 IS ADDED TO THE INDIANA

CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 [EFFECTIVE JANUARY 1, 2012]: **Sec. 0.5. This chapter does not
 apply to a virtual charter school.**

SECTION 76. IC 20-43-9-0.5 IS ADDED TO THE INDIANA
 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 [EFFECTIVE JANUARY 1, 2012]: **Sec. 0.5. This chapter does not
 apply to a virtual charter school.**

SECTION 77. IC 20-43-9-6, AS AMENDED BY P.L.182-2009(ss),
 SECTION 342, IS AMENDED TO READ AS FOLLOWS
 [EFFECTIVE JANUARY 1, 2012]: Sec. 6. A school corporation's
 primetime distribution for a calendar year under this chapter is the
 amount determined by the following formula:

STEP ONE: Determine the applicable target pupil/teacher ratio
 for the school corporation as follows:

(A) If the school corporation's complexity index is less than
 one and one-tenth (1.1), the school corporation's target
 pupil/teacher ratio is eighteen to one (18:1).

(B) If the school corporation's complexity index is at least one
 and one-tenth (1.1) but less than one and ~~two-tenths (1.2)~~,
three-tenths (1.3), the school corporation's target
 pupil/teacher ratio is fifteen (15) plus the result determined in
 item (iii) to one (1):

(i) Determine the result of one and ~~two-tenths (1.2)~~,
three-tenths (1.3) minus the school corporation's
 complexity index.

(ii) Determine the item (i) result divided by ~~one-tenth (0.1)~~:
two-tenths (0.2).

(iii) Determine the item (ii) result multiplied by three (3).

(C) If the school corporation's complexity index is at least one
 and ~~two-tenths (1.2)~~, **three-tenths (1.3)**, the school
 corporation's target pupil/teacher ratio is fifteen to one (15:1).

STEP TWO: Determine the result of:

(A) the ADM of the school corporation in kindergarten
 through grade 3 for the current school year; divided by

(B) the school corporation's applicable target pupil/teacher
 ratio, as determined in STEP ONE.

STEP THREE: Determine the result of:

(A) the basic tuition support for the year multiplied by
 seventy-five hundredths (0.75); divided by

(B) the school corporation's ~~total~~ ADM.

- 1 STEP FOUR: Determine the result of:
- 2 (A) the STEP THREE result; multiplied by
- 3 (B) the ADM of the school corporation in kindergarten
- 4 through grade 3 for the current school year.
- 5 STEP FIVE: Determine the result of:
- 6 (A) the STEP FOUR result; divided by
- 7 (B) the staff cost amount.
- 8 STEP SIX: Determine the greater of zero (0) or the result of:
- 9 (A) the STEP TWO amount; minus
- 10 (B) the STEP FIVE amount.
- 11 STEP SEVEN: Determine the result of:
- 12 (A) the STEP SIX amount; multiplied by
- 13 (B) the staff cost amount.
- 14 ~~STEP EIGHT: Determine the greater of the STEP SEVEN amount~~
- 15 ~~or the school corporation's guaranteed primetime amount.~~
- 16 ~~STEP NINE:~~ **EIGHT:** A school corporation's amount under this
- 17 STEP is the following:
- 18 (A) If the amount the school corporation received under this
- 19 chapter in the previous calendar year is greater than zero (0),
- 20 the amount under this STEP is the lesser of:
- 21 (i) the ~~STEP EIGHT SEVEN~~ amount; or
- 22 (ii) the amount the school corporation received under this
- 23 chapter for the previous calendar year multiplied by one
- 24 hundred seven and one-half percent (107.5%).
- 25 (B) If the amount the school corporation received under this
- 26 chapter in the previous calendar year is not greater than zero
- 27 (0), the amount under this STEP is the ~~STEP EIGHT SEVEN~~
- 28 amount.
- 29 SECTION 78. IC 20-43-10-0.5 IS ADDED TO THE INDIANA
- 30 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
- 31 [EFFECTIVE JANUARY 1, 2012]: **Sec. 0.5. This chapter does not**
- 32 **apply to a virtual charter school.**
- 33 SECTION 79. IC 21-12-3-13, AS ADDED BY P.L.2-2007,
- 34 SECTION 253, IS AMENDED TO READ AS FOLLOWS
- 35 [EFFECTIVE JULY 1, 2011]: Sec. 13. The commission may ~~deny~~ **not**
- 36 **provide** assistance under this chapter to a higher education award
- 37 applicant or recipient who is:
- 38 (1) convicted of a felony;
- 39 (2) sentenced to a term of imprisonment for that felony; and
- 40 (3) confined for that felony at a penal facility (as defined in

1 IC 35-41-1-21).

2 SECTION 80. IC 21-14-2-12.5, AS ADDED BY P.L.224-2007,
3 SECTION 136, IS AMENDED TO READ AS FOLLOWS
4 [EFFECTIVE UPON PASSAGE]: Sec. 12.5. ~~This section applies to~~
5 ~~tuition and mandatory fees that a board of trustees of a state~~
6 ~~educational institution votes to increase after June 30, 2007.~~

7 ~~(b)~~ **(a)** After the enactment of a state budget, the commission for
8 higher education shall ~~recommend nonbinding~~ **establish** tuition and
9 mandatory fee increase targets for each state educational institution **for**
10 **each school year in the ensuing biennium. State educational**
11 **institutions may not adopt tuition and mandatory fee increases that**
12 **exceed the tuition and mandatory fee targets established by the**
13 **commission under this subsection unless the budget director**
14 **authorizes a modification under subsection (c).**

15 ~~(c)~~ **(b)** The state educational institution shall submit a report to the
16 state budget committee concerning the financial and budgetary factors
17 considered by the board of trustees in determining the amount of the
18 increase.

19 ~~(d)~~ **(c)** The ~~state~~ budget committee ~~shall~~ **may** review ~~the~~ targets
20 ~~recommended~~ **established** under subsection ~~(b)~~ **(a)** and reports
21 received under subsection ~~(c)~~ **and (b)** **for one (1) or more state**
22 **educational institutions. To facilitate a review, the budget**
23 **committee** may request that a state educational institution appear at a
24 public meeting of the ~~state~~ budget committee concerning the report.
25 **Upon recommendation by the budget committee, the budget**
26 **director may increase or decrease one (1) or more tuition and**
27 **mandatory fee increase targets established by the commission. A**
28 **tuition and mandatory fee increase target established under this**
29 **subsection replaces the target established by the commission. State**
30 **educational institutions may not adopt tuition and mandatory fee**
31 **increases that exceed the tuition and mandatory fee targets**
32 **established by the budget director under this subsection.**

33 **(d)** If a state educational institution implements a tuition and
34 mandatory fee increase that exceeds the applicable tuition and
35 mandatory fee increase target set under this section, the budget
36 director may withhold from the operating appropriation to the
37 state educational institution an amount equal to the amount by
38 which revenue generated by the tuition and mandatory fee
39 increases adopted by the state educational institution exceed the
40 revenue that would have been generated by imposing tuition and

mandatory fee increases equal to the applicable tuition and mandatory fee increase target set under this section.

SECTION 81. IC 21-33-3-3, AS AMENDED BY P.L.31-2010, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. The commission for higher education shall complete a review of a project approved or authorized by the general assembly. ~~within ninety (90) days after the project is submitted for review. If the review is not completed within ninety (90) days, the budget agency or the budget committee may proceed without the commission's review.~~

SECTION 82. IC 21-43-1-5, AS ADDED BY P.L.234-2007, SECTION 111, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. "Postsecondary credit":

(1) for purposes of section 5.5 of this chapter and IC 21-43-1.5, means credit toward:

(A) an associate degree;

(B) a baccalaureate degree; or

(C) a career and technical education certification;

that is granted by a state educational institution upon the successful completion of a course taken in a high school setting in a program established under IC 21-43-4 or IC 21-43-5;

~~(1)~~ **(2) for purposes of IC 21-43-2, means credit toward:**

(A) an associate degree;

(B) a baccalaureate degree; or

(C) a career and technical education certification;

granted by a state educational institution upon the successful completion of a course taken under a program established under IC 21-43-2; and

~~(2)~~ **(3) for purposes of IC 21-43-5, means credit toward:**

(A) an associate degree;

(B) a baccalaureate degree; or

(C) a career and technical education certification;

granted by a state educational institution upon the successful completion of a course taken under a program established under IC 21-43-5.

SECTION 83. IC 21-43-1-5.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 5.5. "Priority dual credit course" refers to a course of study for postsecondary credit that**

1 **the commission designates as a priority dual credit course under**
 2 **IC 21-43-1.5-1.**

3 SECTION 84. IC 21-43-1.5 IS ADDED TO THE INDIANA CODE
 4 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 5 UPON PASSAGE]:

6 **Chapter 1.5. Priority Dual Credit Courses**

7 **Sec. 1. The commission may identify a set of courses that:**

8 **(1) are offered in the high school setting for postsecondary**
 9 **credit; and**

10 **(2) receive state funding;**

11 **as priority dual credit courses.**

12 **Sec. 2. The rate charged to a student for a priority dual credit**
 13 **course shall be set by the commission."**

14 Page 116, delete lines 1 through 8.

15 Page 122, delete lines 42 through 45, begin a new paragraph and
 16 insert:

17 "SECTION 66. IC 33-38-5-8.1, AS ADDED BY P.L.159-2005,
 18 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 19 UPON PASSAGE]: Sec. 8.1. (a) ~~Beginning July 1, 2006,~~ **Subject to**
 20 **subsection (f),** the part of the total salary of an official:

21 **(1) paid by the state; and**

22 **(2) set under section 6 or 8 of this chapter;**

23 is increased in each state fiscal year in which the general assembly does
 24 not amend the section of law under which the salary is determined to
 25 provide a salary increase for the state fiscal year.

26 **(b)** The percentage by which salaries are increased in a state fiscal
 27 year under this section is equal to the statewide average percentage, as
 28 determined by the budget director, by which the salaries of state
 29 employees in the executive branch who are in the same or a similar
 30 salary bracket exceed, for the state fiscal year, the salaries of executive
 31 branch state employees in the same or a similar salary bracket that were
 32 in effect on July 1 of the immediately preceding state fiscal year.

33 **(c)** The amount of a salary increase under this section is equal to the
 34 amount determined by applying the percentage increase for the
 35 particular state fiscal year to the salary payable by the state, as
 36 previously adjusted under this section, that is in effect on June 30 of the
 37 immediately preceding state fiscal year.

38 **(d)** An official is not entitled to receive a salary increase under this
 39 section in a state fiscal year in which state employees described in
 40 subsection (b) do not receive a statewide average salary increase.

(e) If a salary increase is required under this section, the budget director shall augment judicial appropriations, including the line items for personal services for the supreme court, local judges' salaries, and county prosecutors' salaries, in the state biennial budget in an amount sufficient to pay for the salary increase from the sources of funds determined by the budget director.

(f) An individual is not entitled to receive a salary or benefit increase under this section in a state fiscal year beginning after June 30, 2011, and ending before July 1, 2013, regardless of whether state employees described in subsection (b) received a statewide average salary increase. The salaries and benefits to which this subsection applies include the following:

(1) The annual salary of members of the general assembly (IC 2-3-1-1).

(2) The annual salary of a magistrate (IC 33-23-5-10).

(3) The annual salary of the tax court judge (IC 33-26-2-5).

(4) The annual salary of each full-time judge of a circuit, superior, municipal, county, or probate court (section 6 of this chapter).

(5) The annual salary for each justice of the supreme court and each justice of the court of appeals (section 8 of this chapter).

(6) A salary payable to a prosecuting attorney or deputy prosecuting attorney (IC 33-39-6).

(7) Any other salary or benefit that is computed based on a salary described in subdivisions (1) through (6).

SECTION 68. THE FOLLOWING ARE REPEALED [EFFECTIVE JANUARY 1, 2012]: IC 20-20-36.2; IC 20-40-16; IC 20-43-1-12; IC 20-43-1-17; IC 20-43-1-21.5; IC 20-43-3-2; IC 20-43-12; IC 20-43-12.2.

SECTION 69. P.L.182-2009(ss), SECTION 486, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: SEC. 486.

(a) As used in this SECTION, "continuing care retirement community" means a health care facility that:

(1) provides independent living services and health facility services in a campus setting with common areas;

(2) holds continuing care agreements with at least twenty-five percent (25%) of its residents (as defined in IC 23-2-4-1);

(3) uses the money from the agreements described in subdivision (2) to provide services to the resident before the resident may be

1 eligible for Medicaid under IC 12-15; and

2 (4) meets the requirements of IC 23-2-4.

3 (b) As used in this SECTION, "health facility" refers to a health
4 facility that is licensed under IC 16-28 as a comprehensive care facility.

5 (c) As used in this SECTION, "nursing facility" means a health
6 facility that is certified for participation in the federal Medicaid
7 program under Title XIX of the federal Social Security Act (42 U.S.C.
8 1396 et seq.).

9 (d) As used in this SECTION, "office" refers to the office of
10 Medicaid policy and planning established by IC 12-8-6-1.

11 (e) ~~Effective August 1, 2011~~ **After July 31, 2003, and before August 1,**
12 **2011**, the office shall collect a quality assessment from each health
13 facility **under this SECTION**. The office shall offset the collection of
14 the assessment for a health facility:

15 (1) against a Medicaid payment to the health facility by the office;

16 or

17 (2) in another manner determined by the office.

18 (f) The office shall implement the waiver approved by the United
19 States Centers for Medicare and Medicaid Services that provides for an
20 exemption from collection of a quality assessment from the following:

21 (1) A continuing care retirement community as follows:

22 (A) A continuing care retirement community that was
23 registered with the securities commissioner as a continuing
24 care retirement community on January 1, 2007, is not required
25 to meet the definition of a continuing care retirement
26 community in subsection (a).

27 (B) A continuing care retirement community that, for the
28 period January 1, 2007, through June 30, 2009, operates
29 independent living units, at least twenty-five percent (25%) of
30 which are provided under contracts that require the payment
31 of a minimum entrance fee of at least twenty-five thousand
32 dollars (\$25,000).

33 (C) An organization registered under IC 23-2-4 before July 1,
34 2009, that provides housing in an independent living unit for
35 a religious order.

36 (D) A continuing care retirement community that meets the
37 definition set forth in subsection (a).

38 (2) A hospital based health facility.

39 (3) The Indiana Veterans' Home.

40 Any revision to the state plan amendment or waiver request under this

subsection is subject to and must comply with the provisions of this SECTION.

(g) If the United States Centers for Medicare and Medicaid Services determines not to approve payments under this SECTION using the methodology described in subsections (d) and (e), the office shall revise the state plan amendment and waiver request submitted under this SECTION as soon as possible to demonstrate compliance with 42 CFR 433.68(e)(2)(ii) and to provide for collection of a quality assessment from health facilities effective August 1, 2003.

(h) The money collected from the quality assessment may be used only to pay the state's share of the costs for Medicaid services provided under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.) as follows:

(1) At the following percentages when the state's regular federal medical assistance percentage (FMAP) applies, excluding the time frame in which the adjusted FMAP is provided to the state by the federal American Recovery and Reinvestment Act of 2009:

(A) Twenty percent (20%) as determined by the office.

(B) Eighty percent (80%) to nursing facilities.

(2) At the following percentages when the state's federal medical assistance percentage (FMAP) is adjusted by the federal American Recovery and Reinvestment Act of 2009:

(A) Forty percent (40%) as determined by the office.

(B) Sixty percent (60%) to nursing facilities.

(i) After:

(1) the amendment to the state plan and waiver request submitted under this SECTION is approved by the United States Centers for Medicare and Medicaid Services; and

(2) the office calculates and begins paying enhanced reimbursement rates set forth in this SECTION;

the office shall begin the collection of the quality assessment set under this SECTION. The office may establish a method to allow a facility to enter into an agreement to pay the quality assessment collected under this SECTION subject to an installment plan.

(j) If federal financial participation becomes unavailable to match money collected from the quality assessments for the purpose of enhancing reimbursement to nursing facilities for Medicaid services provided under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.), the office shall cease collection of the quality assessment under this SECTION.

1 (k) To implement this SECTION, the office shall adopt rules under
2 IC 4-22-2.

3 (l) Not later than July 1, 2003, the office shall do the following:

4 (1) Request the United States Department of Health and Human
5 Services under 42 CFR 433.72 to approve waivers of 42 CFR
6 433.68(c) and 42 CFR 433.68(d) by demonstrating compliance
7 with 42 CFR 433.68(e)(2)(ii).

8 (2) Submit any state Medicaid plan amendments to the United
9 States Department of Health and Human Services that are
10 necessary to implement this SECTION.

11 (m) After approval of the waivers and state Medicaid plan
12 amendment applied for under this SECTION, the office shall
13 implement this SECTION effective July 1, 2003.

14 (n) The select joint commission on Medicaid oversight, established
15 by IC 2-5-26-3, shall review the implementation of this SECTION. ~~The~~
16 ~~office may not make any change to the reimbursement for nursing~~
17 ~~facilities unless the select joint commission on Medicaid oversight~~
18 ~~recommends the reimbursement change.~~

19 (o) A nursing facility or a health facility may not charge the facility's
20 residents for the amount of the quality assessment that the facility pays
21 under this SECTION.

22 (p) The office may withdraw a state plan amendment submitted
23 under this SECTION only if the office determines that failure to
24 withdraw the state plan amendment will result in the expenditure of
25 state funds not funded by the quality assessment.

26 (q) If a health facility fails to pay the quality assessment under this
27 SECTION not later than ten (10) days after the date the payment is due,
28 the health facility shall pay interest on the quality assessment at the
29 same rate as determined under IC 12-15-21-3(6)(A).

30 (r) The office shall report to the state department of health each
31 nursing facility and each health facility that fails to pay the quality
32 assessment under this SECTION not later than one hundred twenty
33 (120) days after payment of the quality assessment is due.

34 (s) The state department of health shall do the following:

35 (1) Notify each nursing facility and each health facility reported
36 under subsection (r) that the nursing facility's or health facility's
37 license under IC 16-28 will be revoked if the quality assessment
38 is not paid.

39 (2) Revoke the nursing facility's or health facility's license under
40 IC 16-28 if the nursing facility or the health facility fails to pay

1 the quality assessment.

2 (t) An action taken under subsection (s)(2) is governed by:

3 (1) IC 4-21.5-3-8; or

4 (2) IC 4-21.5-4.

5 (u) The office shall report the following information to the select
6 joint commission on Medicaid oversight established by IC 2-5-26-3 at
7 every meeting of the commission:

8 (1) Before the quality assessment is approved by the United States
9 Centers for Medicare and Medicaid Services:

10 (A) an update on the progress in receiving approval for the
11 quality assessment; and

12 (B) a summary of any discussions with the United States
13 Centers for Medicare and Medicaid Services.

14 (2) After the quality assessment has been approved by the United
15 States Centers for Medicare and Medicaid Services:

16 (A) an update on the collection of the quality assessment;

17 (B) a summary of the quality assessment payments owed by a
18 nursing facility or a health facility; and

19 (C) any other relevant information related to the
20 implementation of the quality assessment.

21 (v) This SECTION expires August 1, 2011.

22 **SECTION 70. [EFFECTIVE UPON PASSAGE] (a) The Council**
23 **of State Governments is exempt from the gross retail and use taxes**
24 **imposed under IC 6-2.5 for any transaction in which food or**
25 **beverage is furnished, prepared, or served to any person under a**
26 **contract with the Council of State Governments in connection with**
27 **the sixty-sixth annual meeting of the Midwestern Legislative**
28 **Conference to be held in July 2011. A caterer or other contractor**
29 **is not required to collect or remit taxes under IC 6-2.5 or IC 6-9 for**
30 **a transaction that is exempt under this SECTION. If the Council**
31 **of State Governments provides an exemption certificate issued**
32 **under IC 6-2.5 to a caterer or other contractor for a transaction**
33 **that is exempt under this SECTION, the caterer or other**
34 **contractor shall not collect or remit any taxes that would otherwise**
35 **be imposed under IC 6-2.5 or IC 6-9 for the transaction.**

36 (b) The exemption provided under this SECTION does not
37 apply to any purchase by attendees that is not paid for directly by
38 the Council of State Governments.

39 (c) The general assembly finds that:

40 (1) the general assembly is a member of the Council of State

Governments and the host for the Midwestern Legislative Conference to be held in July 2011;

(2) notwithstanding the exemptions provided in this SECTION, the sixty-sixth annual meeting of the Midwestern Legislative Conference will generate a significant economic impact for Indiana and additional revenues from taxes affected by this SECTION; and

(3) the exemptions provided in this SECTION will not reduce or adversely affect the levy and collection of taxes pledged to the payment of bonds, notes, leases, or subleases payable from those taxes.

(d) This SECTION expires September 1, 2011.

SECTION 71. [EFFECTIVE JULY 1, 2011] (a) As used in this SECTION, "combined state reserves" means the sum of the unencumbered balances in the following funds:

(1) The state general fund, including the Medicaid contingency and reserve account of the state general fund.

(2) The counter-cyclical revenue and economic stabilization fund.

(3) The state tuition reserve fund.

(b) This subsection applies if the combined state reserves on June 30, 2012, exceed three percent (3%) of the sum of the amount appropriated for the immediately following state fiscal year. Before August 1, 2012, the budget agency shall transfer fifty million dollars (\$50,000,000) from the state general fund to the state tuition reserve fund established by IC 4-12-1-15.7 for purposes of the state tuition reserve fund.

(c) This subsection applies if the combined state reserves on June 30, 2013, exceed three percent (3%) of the sum of the amount appropriated for the immediately following state fiscal year. Before August 1, 2013, the budget agency shall transfer fifty million dollars (\$50,000,000) from the state general fund to the state tuition reserve fund established by IC 4-12-1-15.7 for purposes of the state tuition reserve fund.

(d) This SECTION expires August 1, 2013.

SECTION 72. [EFFECTIVE JULY 1, 2011] (a) The general assembly finds that the revenue forecast technical committee, using the best information available, estimates that the amount certified for distribution to counties under IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7 in state fiscal years 2009, 2010, and 2011 will have

1 exceeded the amount of adjusted gross income taxes, county option
2 income taxes, and county economic development income taxes
3 collected from county taxpayers by six hundred nine million seven
4 hundred thousand dollars (\$609,700,000). Under IC 6-3.5-1.1-9(c),
5 IC 6-3.5-6-17(c), and IC 6-3.5-7-11(d), the budget agency is
6 directed to reduce certified distributions in calendar years 2012,
7 2013, and 2014 by a total of four hundred eight million two
8 hundred seventy-six thousand dollars (\$408,276,000) to those
9 counties to which overpayments were made. The amount shall be
10 recovered and allocated among the various purposes for which
11 taxes were imposed, as determined by the budget agency. The
12 budget agency may not make a supplemental distribution under
13 IC 6-3.5-1.1-21.1, IC 6-3.5-6-17.3, or IC 6-3.5-7-17.3 while the
14 county's certified distribution is being reduced under this
15 SECTION.

16 (b) This SECTION expires July 1, 2015."

17 Renumber all SECTIONS consecutively.

 (Reference is to HB 1001 as introduced.)